Gtn Dec 13, 1999

Ignore E-business at your peril

DIGITAL SURVIVOR

JIM CARROLL

The most recent gem about the Internet comes from the folks at **beer.com** who inform us that three-quarters of quaffers worldwide have taken steps to prepare for any bad effects of Y2K on their beloved beverage.

There go those crazy Internet folks again, executives conclude. People continue to be stunned by the on-line circus, including astronomic Internet stock valuations, bids on a human kidney at a cyberauction and the recent bout of dot.com ads on TV. With all this going on, who needs an entertainment industry?

The problem is that many senior executives still dismiss the E-buzz that surrounds them. In some ways, you can't blame them. But if they still think that electronic business is not important to their company, they should be booted out the door for managerial negligence.

An organization spends tremendous time and energy to ensure that their senior managers have the right stuff to take it into the future. There's an industry of "buzzword experts" who excel at providing management with vital skills such as team building, interpersonal communications, change management, transformation leadership — the list goes on.

Sadly, while executives are busy boning up on such important matters, they're failing miserably in the development of leadership skills for the digital age.

There's all kinds of evidence of this. I recently spent a half day with the senior management team of a company in the health care and medical insurance industry. We spent some time walking through the issues that are affecting them within their industry as E-business takes hold.

We went deeper into the implications. Finally, they began to grasp that the very nature of their industry, products and customers was changing dramatically. They began to realize that if they didn't act soon, they could get blindsided.

At one point, a manager said: "Hey, we've got to figure out what business we're in." You know you've made progress when someone finally gets how big this thing is.

Leadership in the digital age is all about senior managers who realize business is under attack from the wired economy — and that they need to do something about it.

We're not dealing with some quaint notion, or the latest management fad. Business in the 21st century is going to be unlike anything we've witnessed before. Leaders need to start asking some tough questions:

- Is the organization thinking about how to reinvent the services that it provides to customers, in light of changing expectations in the Internet era?
- Does the company appreciate — throughout the organization at all levels — that the customer is changing? Is it aggressively thinking how to re-engineer its financial systems in the Web era?
- Does it have a good grasp of how rapidly new business models are emerging? Does it "get" these models? Does it know how they might affect the company?
- What barriers stand in the way of the organization operating at Internet time? Is it prepared to cope with product lifecycles shortened by the global wired economy? Will the organizational culture allow its people to develop and deliver new product quickly, as will be demanded of them?

These are pretty big questions, and can only be answered if the organization has a leadership culture that is prepared to address them.

A new culture of leadership must know how to examine the world of E-business, assess the opportunities and threats, and determine what needs to be done. Otherwise, all the time spent on those other newfangled management ideas will be useless. If you ignore E-business, you'll end up struggling to survive.

◆ ◆ ◆

Jim Carroll is co-author of Light Bulbs to Yottabits: How to Profit by Understanding the Internet of the Future, *and can be reached by E-mail at jcarroll@jimcarroll.com*